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January 7, 2009

VIA HAND DELIVERY

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Krystal M. Paris

Re: *California Budget Efficiency Act*
Initiative No. 08-0023, Amendment #1

Dear Ms. Paris:

Enclosed is a revised copy of the "California Budget Efficiency Act," which I filed on December 22, 2008. The revised copy reflects one technical edit to correct a typographical error in paragraph 2 of the Purpose and Intent section, where it references the title of the act.

Please direct all correspondence and inquiries regarding this revised copy to:

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Sincerely,

Maurice Read

Enclosure
(00071652)

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Section 1. Title.

This measure shall be known and may be cited as the "California Budget Efficiency Act."

Section 2. Findings and Declarations.

The People of the State of California find and declare that:

1. California is in the midst of an economic crisis. The state budget is out of balance by over \$40 billion dollars. Yet throughout the past year, the Legislature and Governor have been incapable of passing a balanced budget on time.
2. Late budgets have put California on the brink of financial collapse.
3. As California nears the end of the first decade of the 21st century, funding for our school children has been slashed billions of dollars; thousands of children and adults are losing health and medical services; those less fortunate, the blind, elderly and disabled, have lost public resources for food, utilities and clothing and face further cutbacks; construction of hospitals has been delayed or eliminated as well as the tens of thousands of jobs for those who would design and build them; and students at our colleges and universities have been hit with higher fees and reduced access to higher education.
4. The crisis millions of Californians are experiencing in their everyday lives is real, due in large part to the failure of the process that controls approval of the state's spending plan--the required two-thirds vote of each house of the Legislature to pass a state budget.
5. California is one of only three states that requires more than a majority vote to pass the state budget.
6. Year after year, California's two-thirds vote requirement has allowed a small minority of the Legislature to hold the budget hostage to personal philosophical agendas that are not shared by the vast majority of Californians. Political party leaders refuse to compromise and have used the two-thirds requirement to hold up the budget process.
7. California's economic downturn and budget impasse have damaged the state's credit rating and our ability to pay bills and fund public works projects. Billions of dollars in approved public works projects for school construction, road repairs and affordable housing have been delayed or stopped as a result of not being able to pass a budget without the required two-thirds vote.
8. After researching California's two-thirds vote requirement, the nonpartisan California Citizens Budget Commission concluded that "the current supermajority

requirement fails to achieve its oft-stated goal of keeping budgetary spending in check, while at the same time it promotes gridlock, pork barrel legislation and lack of accountability.”

9. Changing the two-thirds vote requirement to 55% for passing the budget will ensure that California’s budget is passed on-time, ending economic uncertainty and providing for an improved credit rating, payment of our bills, and stability to our schools, nursing homes, and universities.

Section 3. Purpose and Intent.

1. The people enact this measure to lower the vote requirement necessary to pass the budget bill and related legislation, including legislation concerning non-property related taxes, from two-thirds to 55 percent. The people intend by this measure to improve government’s accountability to the voters, reduce budget gridlock, and encourage legislators and the governor to work together to solve California’s budget problems regardless of their party affiliation.
2. This measure will not change Proposition 13’s property tax limitations in any way. The Budget Efficiency Act changes the legislative vote requirement for taxes to 55 percent only with respect to other taxes that may be necessary as part of the process of adopting the budget.

Section 4. Section 12 of Article IV of the California Constitution is amended to read:

SEC. 12. (a) Within the first 10 days of each calendar year, the Governor shall submit to the Legislature, with an explanatory message, a budget for the ensuing fiscal year containing itemized statements for recommended state expenditures and estimated state revenues. If recommended expenditures exceed estimated revenues, the Governor shall recommend the sources from which the additional revenues should be provided.

(b) The Governor and the Governor-elect may require a state agency, officer, or employee to furnish whatever information is deemed necessary to prepare the budget.

(c)(1) The budget shall be accompanied by a budget bill itemizing recommended expenditures.

(2) The budget bill shall be introduced immediately in each house by the persons chairing the committees that consider the budget.

(3) The Legislature shall pass the budget bill by midnight on June 15 of each year.

(4) Until the budget bill has been enacted, the Legislature shall not send to the Governor for consideration any bill appropriating funds for expenditure during the fiscal year for which the budget bill is to be enacted, except emergency bills recommended by the Governor or appropriations for the salaries and expenses of the Legislature.

(d) No bill except the budget bill may contain more than one item of appropriation, and that for one certain, expressed purpose. Appropriations from the General Fund of the State, except appropriations for the public schools, *and appropriations in the budget bill and in other bills related to the budget bill*, are void unless passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring.

(e)(1) Notwithstanding Section 3 of Article XIII A or any other provision of law or of this Constitution, the budget bill and other bills providing for tax levies or appropriations related to the budget bill, may be passed in each house by rollcall vote entered in the journal, 55 percent of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (d) of this section and in subdivision (b) of Section 8 of this article.

(2) For purposes of this section, other bills providing for tax levies or appropriations related to the budget bill shall consist only of bills identified as related to the budget in the budget bill passed by the Legislature.

(3) Bills providing for tax levies related to the budget bill shall include bills increasing taxes, whether by increased rates or changes in methods of computation, identified as related to the budget in the budget bill, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property, may be imposed.

(ef) The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all state agencies.

(fg) For the 2004-05 fiscal year, or any subsequent fiscal year, the Legislature may not send to the Governor for consideration, nor may the Governor sign into law, a budget bill that would appropriate from the General Fund, for that fiscal year, a total amount that, when combined with all appropriations from the General Fund for that fiscal year made as of the date of the budget bill's passage, and the amount of any General Fund moneys transferred to the Budget Stabilization Account for that fiscal year pursuant to Section 20 of Article XVI, exceeds General Fund revenues for that fiscal year estimated as of the date of the budget bill's passage. That estimate of General Fund revenues shall be set forth in the budget bill passed by the Legislature.

Section 5. Severability.

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provision or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

Section 6. Conflicting Initiatives.

In the event that this measure and another measure or measures relating to the legislative votes required to pass the state budget, increase taxes, or enact or increase fees shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the other measure shall be null and void.